

**Resolution of the Executive Board of the Government Finance Officers Association**

**Call for a Delay in the Implementation of GASB Statement No. 68 Until Authoritative Auditing Guidance Is Approved and In Place for a Sufficient Time To Allow Auditors to Issue Unmodified Opinions on Employer Financial Statements**

**Whereas**, as the result of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, state or local governments that offer defined benefit pensions will, for the first time, be required to report a net pension liability and related accounts in their financial statements;

**Whereas**, for most governments in this situation, the amounts reported will be substantial and, accordingly, the independent auditors of such governments will need to obtain reasonable assurance of the reliability of those amounts in order to give an unmodified (“clean”) opinion on the financial statements;

**Whereas**, a unique aspect of public-sector pensions is the existence of independently governed, managed, and audited pension plans and the employer’s auditor must now obtain adequate evidence to support an opinion on information that is produced by an independent organization, the pension plan;

**Whereas**, this is especially challenging for auditors of governments that participate in multiple-employer pension plans that administer up to several thousand plans;

**Whereas**, the necessary authoritative auditing guidance to coordinate audit procedures between plan and employer auditors has not yet been provided, making it all but impossible for the employer auditors to obtain the assurance they need regarding pension-related amounts in time for the audit of the first financial statements prepared in conformity with GASB Statement No. 68;

**Whereas**, unless the effective date of GASB Statement No. 68 is deferred, governments in multiple-employer pension plans almost certainly can expect to receive a modified opinion on the fair presentation of their financial statements, through no fault of their own or of their auditor;

**Whereas**, the threat of a modified opinion also could result in governments significantly delaying the issuance of their financial statements as they seek solutions, consider ramifications (e.g., continuing disclosure requirements, disqualification from “low-risk auditee” status for purposes of the Federal Single Audit), or set times to brief elected bodies prior to issuance; and

**Whereas**, the Government Finance Officers Association believes that creating a situation where thousands of governments receive modified audit opinions as the direct result of the implementation of GASB Statement No. 68, through no fault of their own or of their auditor,

would confuse, rather than enlighten, financial statement users and would be inconsistent with the GASB's objective of improving public confidence in the reliability of financial reporting for pensions;

**Now, therefore, be it resolved** that the GFOA urges the GASB to defer the implementation date of GASB Statement No. 68 for as long as necessary to permit the implementation of pending authoritative auditing guidance so as to allow auditors to obtain the information necessary to support the reliability of pension-related amounts in employer financial statements.

--- Approved by the GFOA Executive Board February 28, 2014